

Message Text

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ACTION EB-11

INFO OCT-01 ARA-11 EA-11 ADP-00 GSA-01 OEP-01 INT-08

AID-20 CIAE-00 COME-00 FRB-02 INR-09 NSAE-00 RSC-01

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 SAL-01

OMB-01 SS-14 NSC-10 STR-08 CEA-02 DODE-00 PA-03

USIA-12 PRS-01 AGR-20 EUR-25 NEA-10 RSR-01 /212 W

----- 111025

R 211033 Z MAR 73

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6103

INFO AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

AMEMBASSY LA PAZ

AMEMBASSY BANGKOK

UNCLAS JAKARTA 3409

E. O. 11652 N/A

TAGS: EIND, ID

SUBJ: RESTRAINED LOCAL REACTION TO STOCKPILE RELEASE NEWS

1. SUMMARY: INDONESIAN COMMENT ON NEWS OF STOCKPILE RELEASE
DECISION

HAS BEEN SPARSE SO FAR. WE HAVE RECEIVED NO OFFICIAL DEMARCHE
OR INQUIRIES. OFFICIAL STATEMENTS REPORTED IN PRESS SHOW
RESTRAINT; EDITORIAL REACTION ON THE WHOLE IN A SIMILAR VEIN,
EXPRESSING CONFIDENCE RELEASE WILL BE HANDLED SO AS TO MINIMIZE
IMPACT ON PRODUCER COUNTRIES. END SUMMARY.

2. INDONESIA IS PRODUCER OF SEVERAL MINERALS REPORTED AS

SUSCEPTIBLE TO RELEASE FROM THE STOCKPILE, NOTABLY TIN, AND
RUBBER, MOST IMPORTANT OF TRADITIONAL EXPORTS. IN CIRCUMSTANCES
IT IS NOTEWORTHY THAT OFFICIAL COMMENT BOILS DOWN TO:

A) TRADE AND FOREIGN MINISTRIES OFFICIALLY HAVE " NO
COMMENT".

B) " GOVERNMENT SOURCES" ARE CITED AS SOURCE OF COMMENT
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THAT RUBBER MARKET NOT LIKELY TO SUFFER SIGNIFICANTLY FROM DISPOSALS CONDUCTED AGAINST BACKGROUND OF ADEQUATE DEMAND.

C) EVIDENTLY GARBLED STATEMENT OF P. N. TIMAH (STATE TIN CORPORATION) CONVEYS NOTION THAT U. S. COMMITMENTS TO BOLIVIA REGARDING RELEASE OF TIN WILL PROTECT TIN MARKET.

3. EDITORIAL COMMENT IN CONFIDENT VEIN POINTED OUT THAT STRONG DEMAND FROM RUBBER CONSUMERS WOULD PROBABLY CUSHION IMPACT OF DISPOSAL ON PRICES. KOMPAS EXPRESSED HOPE U. S. WOULD ADHERE TO " PROMISE" NOT TO RELEASE MOR THAN 84,000 TONS OF RUBBER ANNUALLY, AN AMOUNT THAT COULD READILY BE ABSORBED BY THE MARKET. ONE DAILY (PEDOMAN), WHILE ACKNOWLEDGING PAST IMPACT STOCKPILE SALES ON RUBBER PRICE, VENTURED THAT EXPORTERS COULD CONTROL SUCH FLUCTUATIONS IF THEY WOULD KEEP CALM AND CONSIDER TIMING IN PLACING SUPPLIES ON THE MARKET. AS FOR MINERALS, PEDOMAN QUOTED MINISTRY OF MINES TO EFFECT THAT INDONESIAN EXPORT RECEIPTS WOULD BE LITTLE AFFECTED BECAUSE MOST PRODUCTION SOLD ON TEN- YEAR CONTRACT.

4. PRESS ALSO REMINDED ITS READERS THAT U. S. STOCKPILE RELEASES HAD IN THE PAST " CAUSED" RUBBER PRICE DETERIORATION. NUSANTARA NOTED THAT, TIN BEING IN WORLD SURPLUS CURRENTLY, THE IMPACT ON TIN PRICE OF RELEASES FROM STOCKPILE MIGHT READILY BE DEDUCED. THE PRESS ALSO BROUGHT OUT THAT DISPOSALS WOULD COMPOUND DIFFICULTIES COMMODITY PRODUCERS NOW EXPERIENCING BECAUSE OF WORLD MONETARY SITUATION.

5. IN SUM, THE INDONESIANS ARE WAITING FOR THE OTHER SHOE TO DROP WITH SOME UNEASINESS BUT IN FAIRLY HOPEFUL FRAME OF MIND. THEY BELIEVE RUBBER MARKET IS CURRENTLY STRONG ENOUGH TO ABSORB MODERATE LEVELOF DISPOSALS, AND COUNT ON BOLIVIA TO CARRY THE FLAG ON TIN. GALBRAITH

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